



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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October 22, 2001

TO: Minerals File

THRU: Wayne Hedberg, Permit Supervisor

FROM: Tom Munson, Senior Reclamation Specialist 

RE: Meeting Documentation, Nephi Sandstone Corporation, Cedar Springs Mine, M/023/059, Juab County, Utah

Date of Meeting: 10/18/2001
Location: Division offices/Copper Room
Time of Meeting: 10:30 a.m. -11:30 a.m.
Participants: Mary Ann Wright, Wayne Hedberg, and Tom Munson, DOGM; Bruce Evans, Nephi Sandstone Corporation

Purpose of Meeting: To discuss with Bruce Evans a solution to the interim bonding situation at Cedar Springs Gypsum Mine.

The meeting started with a brief summary of the situation regarding the Cedar Springs project. It was originally permitted in May 7, 1998, as a small mine. During a September 1999 routine site inspection, it was discovered the site had expanded to seven acres. Therefore, a \$30,000 interim ~~900~~ reclamation surety has been posted to cover the LMO status. The LMO application was received on March 2, 2000, and proposed mining 10 acres. Eighteen months have passed since the Division received the LMO application. DOGM is anxious to complete the permitting associated with this project. Only a minor technical issue or two remain to be resolved to complete the permit application.

Mr. Evans stated that he leased the property from a Mr. Dale Dorius, an attorney who drew up the original purchase or lease agreement. Mr. Evans stated he had cleaned up some large gypsum boulders from the property. He stated that he had also settled a road dispute and paid \$1,000 to two parties who claimed rights to the access road. The main problem he now encounters is a group of people (Price, Pierce and/or Shepherd?) own an 80 percent interest in the mineral rights which Mr. Dorius stated he owned. Mr. Evans has paid his permit fees, posted an interim/transitional bond, filed an LMO application, and addressed the right-of-entry problems and now does not have the right to mine. Another complication is that Nephi Sandstone has lost their contract with Ash Grove Cement to sell gypsum and, therefore, is not really interested in pursuing the project until such time as it becomes a commodity they can sell.

Mr. Evans stated that his attorney had sent or was in the process of sending a letter to Mr. Dorius with his demands and was waiting to hear the outcome. He stated that Mr. Dorius was not very cooperative at first, but that more recently he has been more receptive. Therefore, Mr. Evans was hopeful that a reasonable resolution could be worked out.

Conclusion :

We concluded the meeting and proposed the following choices. Mr. Evans will either:

- 1) finish permitting the project as an LMO;
- 2) reclaim all current disturbances and then request formal bond release; or,
- 3) request Mr. Dorius to permit the project himself and pay Nephi Sandstone for its expenditures and losses to date.

Another meeting will be held in three weeks to find out what Mr. Evans has decided to do. The meeting is scheduled for November 8, 2001, 10:00 a.m. at the Division offices.

jb
cc: Bruce Evans, Nephi Sandstone Corp.
Mary Ann Wright, DOGM
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